

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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1. Most of the factories and the machinery and equipment of nearly every plant and mine in North Korea were damaged by the heavy bombing of the UN air forces. During the period from July to early September 1950, the North Koreans were able to repair partially damaged equipment and machines and were able to keep production going. From mid-1951, however, the continual bombing made production impossible except in a few factories which were only slightly damaged. According to the instructions of the Minister of Industry, old men were moved to the factories where production was still possible and all the young men were drafted. In the heavily damaged factories only a skeleton force remained, to keep up what production was possible and to repair damages. In September 1950 when the UN attacked north, only the factory staff members could be evacuated; the laborers were dispersed. When the North Korean authorities returned in December 1950, they found that more than half the laborers in Hwanghae-do, Kangwon-do, Pyongan-namdo and Hamgyong-namdo had gone south with the UN forces and that even more factories were destroyed. The North Korean government was forced to modify the existing industrial plans, as the war was longer than expected and there was a shortage of money, laborers and technicians. A cabinet decision at the end of January 1951 proclaimed a new wartime industrialization plan.
2. All mining activity was halted in mines near the front lines in Kangwon and Hwanghae Provinces and in coastal areas. Between 30 and 60 women were left as guards at these mines, which were known as suspended mines. Between January and June 1951 all important equipment from these mines, as well as their staff employees, technicians, and laborers, were transferred to active mines.
3. Heavy emphasis was placed on the mining of lead, zinc, monazite, gold, silver, and iron, and many Soviet advisors were assigned to lead, zinc and monazite mines.<sup>1</sup> Despite damage inflicted by the UN Air Force, lead mining continued. However; by October 1952 severe damage had been suffered by the smelters at the Kumtök

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(NOTE: Washington distribution indicated by "X"; Field distribution by "#")

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(N 40-54, E 128-51) (DA-844294), Koksan (N 38-47, E 126-40) (BT-9794), Suan (N 38-47, E 126-23) (BT-7396), and Taeyudong (N 40-18, E 125-35) (YE-2064) mines. Prior to this the ore was refined at smelters at each mine and the concentrated ore was transported to Sinuiju (N 40-06, E 124-23) (XE-1839), Namyang (N 42-58, E 129-51) (EC-6957), and Manp'ojin (N 41-09, E 126-17) (BA-7258) by both rail and truck. From these points it was transported to Lu-pin (N 49-36, E 117-27) Manchuria via Antung (N 40-09, E 124-23), Tu'men (N 42-54, E 129-48) and Chian (N 41-10, E 126-12). At Lu-pin the local staff of the Soviet Ministry of Trade issued a certificate on receipt of an ore shipment and sent this certificate to the Chosen Trade Bank in North Korea. Approval for the payment was made according to these certificates. After October 1952 lead ore was transported to the USSR without being concentrated. The smelters at the Koksan, Suan, and Taeyudong mines were too badly damaged to be repaired, but mining operations were still possible. At the end of 1952 KIM Tu-sam (6855/2435/2504), Minister of Heavy Industry, ordered an underground smelter to be constructed at the Kumtök mine commencing in January 1953. This smelter was to be finished by March 1953.<sup>2</sup>

4. Prior to the war there were 32 coal mines, large and small, in North Korea. After the outbreak of hostilities, major mining activities in all coal mines under the jurisdiction of the Coal Managing Department were halted, with the exception of the Aoji (N 42-31, E 130-21) (FC-1108), the Kogonwon (N 42-39, E 130-16) (FC-0422) and the Sinyuson (N 42-35, E 129-39) (EB-5396) mines.<sup>3</sup> The reasons for this were as follows:
  - a. The demand for coal decreased sharply as activities in the metal industries which required coal were halted. Coal produced in the three mines which remained active was sufficient for the rail transportation and large stocks were kept in each mine.
  - b. There was no market in either China or the USSR as both these countries have sufficient coal of higher quality which can be produced more economically than in North Korea.
  - c. Insufficient funds were allotted for coal mining.
5. On 1 January 1952 the Ministry of Industry was reorganized. Its Light Industry Managing Department was promoted to the status of a separate autonomous ministry and its Electric Department was transferred to the jurisdiction of the North Korean Government Cabinet on 1 January 1952. The managing Departments of Chemistry, Constructive Materials, and Pottery were to be combined and promoted to the Ministry of Chemistry and Constructive Materials on approximately 20 May 1952. The designation of the Ministry of Industry was changed to the Ministry of Heavy Industry. The Minister of Heavy Industry explained at a meeting of ministry officials in July 1952 that the number of ministries had been increased to avoid complexity and simplify the system, and the importance of the Ministry of Chemistry and Constructive materials would be very great if an armistice should be effected. The only other explanation of this reorganization simply stated that it had been effected "in order to perfect the recovery and development of post-war industry." This explanation was made at the issuance of the ordinance outlining the reconstruction.
6. During the war new financial agreements were concluded between North Korea and the USSR. Lead, zinc, gold, iron, and silver ore as well as motor vehicle parts were exported from North Korea to pay for military aid received.
7. There is no difference in the responsibility for basic North Korean economic policies between war and peace time. Drafts are drawn up by the Bureau of Economic Planning of each ministry concerned in conjunction with the Ministry of Finance. Basic policy is then formulated by the National Planning Committee, approved by CHOE Ch'ang-ik (1508/2490/4135), Vice Prime Minister in charge of economics and finance, and presented to the cabinet of the North Korean Government. CHONG Chun-t'aek (6774/0193/3419), chairman of the National Planning Committee, is responsible for the economic policies.<sup>4</sup> The minister concerned as well as the chief of the cabinet department affected are responsible for the execution of these policies.

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8. Both prior to and during the war, North Korea received a great amount of military aid. On 14 August 1952 CHONG Il-yong (6774/0001/7893), then Minister of Heavy Industry, gave a speech at a meeting of ministry officials which indicated that the production from the heavy industries was being sent to the USSR in payment for military aid. CHONG stated that production had been badly halted for two months because of bomb damage to the Supung power plant. He added, "You should know with no explanation from me that every ton of lead, zinc, monazite, and other ores we mine has direct connection with the problem of artillery, planes, and ammunition for our People's Army. The tons of ore are the thing which pay for the aid we receive."

1.  Comment. The informant believed that the greatest emphasis was placed upon lead mining, as a special department was established for this activity.

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4.  Comment. P'yongyang Radio on 20 April referred to Vice Premier PAK Chang-ok as concurrently chairman of the State Planning Committee.

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